



## Home Truth

(Dis) Interest (ed)

Hardly a day goes by where we are not reminded ('warned') that interest rates are at historical lows, and that this can't last!.

Can't last?? Really! Why Not????

The message being peddled to the uninitiated, the uneducated, or the simply unwary, is that gravity alone may manage to defy the economics to push interest rates back up toward more traditional levels (...so don't get caught they say)!

They may be right... (..but banks will profit most if they're not of course).

For them to be right though Australia would have break just about every fiscal norm or tenet that has ever existed (which granted it has made some inroads on by not having had a recession for 24 years), if indeed not single-handedly lifting the rest of the known developed world (including an economically moribund European Union of some 350 million disparate souls and cultures) out of a deep-seated economic malaise.

Can we do it? Why Not? Aussie Aussie Aussie Oi Oi Oi and all that....

Possibly, though highly unlikely (about as likely as us winning the Soccer World Cup)!

Far more likely will be the sheer weight of economic reality at home and abroad will dictate that interest rates remain around where they are at best for a very long time or that they continue to gravitate toward where they sit for the majority of our fellow OECD member nations, the latter case being the more likely, with perhaps only the psychological cushioning effect of China's hunger for our rocks stopping rates from testing the 1% level or less.